Alberta weekly economic review

March 9, 2012

Labour Force

Alberta labour market takes a step back...

Alberta's string of nine straight monthly job gains finally came to an end in February. Employment dropped by 7,200 jobs with 10 of 16 industry catagories posting losses. Professional, Scientific & Technical Services registered the largest decline of 8,200 followed by Health (-7,200), and Information, Recreation & Culture (-7,000). Partly offsetting the losses, the Food & Accommodation and Construction industries added close to 10,000 jobs each.

Despite the monthly decline, Alberta has created 58,400 jobs over the last 12 months, accounting for 48.5% of Canada's employment gains over the period. Moreover, all of the gains have been in full-time, private sector positions. Year-over-year employment growth of 2.8% was the strongest of all provinces.

The province's unemployment rate in February crept up slightly, by 0.1 percentage points to 5.0%, giving Alberta along with Saskatchewan the lowest jobless rate in Canada.

Nationally, employment stayed largely unchanged for the second straight month, edging down by a modest 2,800. However, the national unemployment rate dipped to 7.4% from 7.6% as the labour force shrank. Canada's job market has softened recently, posting an average monthly gain of 2,900 jobs over the last 6 months. Year-over-year, national employment growth came in at only 0.7% in February.

Housing Market

Alberta housing starts accelerate...

New home construction is off to a much stronger start this year compared to early 2011. Alberta housing starts jumped 21.5% in February to 31,100 units, its highest level in four months. To begin 2012, starts were up more than 30% year-over-year in both January and February.

Nationally, housing starts rose 1.5% in February and were up 11.7% year-over-year.

Alberta new house price remains steady...

Alberta new housing prices index continue to stay relatively flat, inching up 0.1% in January and rising only 0.7% on a year-over-year basis. At the city level, new house prices in Calgary rose +0.3% while prices in Edmonton remained unchanged from their December readings.

International Merchandise Trade

Alberta exports take a breather...

Alberta's exports fell back by 3.1% in January to $8.4 billion, led by a drop in Machinery & Equipment, and Industrial Goods & Material shipments. However, the monthly decline only offsets a portion of December's 9.5% gain and masks an otherwise upward trend. Compared to January 2011, exports were up 12.6%, the 25th consecutive month of year-over-year gains.

Nationally, a 2.3% drop in exports caused the trade balance to narrow from $2.9 billion to $2.1 billion in January, mainly due to a pullback in exports to the European Union and Japan.

Building Permits

Permits slip but still ahead of last year...

To open the year, building permits pared back most of December's gains. After a 34.3% jump in the final month of 2011, the value of building permits in Alberta slipped back by 31.8% to $898.2 million in January. A pullback in both the residential (-11.5%) and non-residential (-51.8%) sectors contributed to the decline.

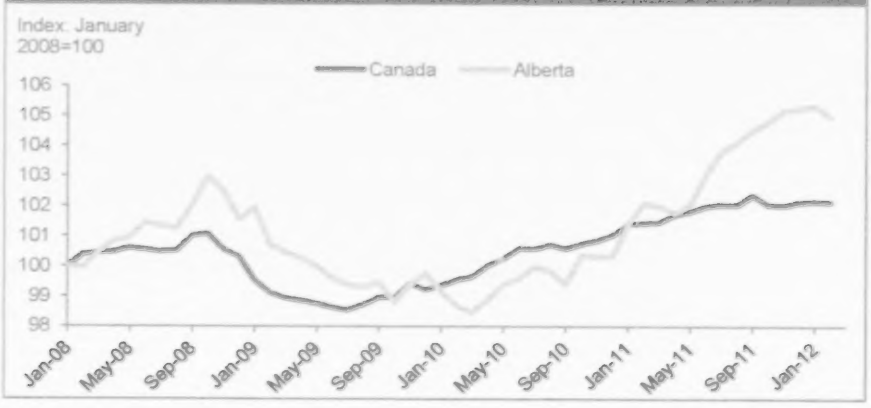
Despite the monthly reversal, permit data still suggests that building activity is set to improve in Alberta this year compared to 2011. Permits were up 27.9% over January 2011, the 7th consecutive month of year-over-year growth.

US Labour Force

US job market posts solid gains...

South of the border, the labour market posted another strong gain in payroll employment. In February, the US created 227,000 new jobs, the third straight month of gains over 200,000. The private sector continued to drive all the job gains as the public sector, for the 6th consecutive month, shed jobs. The unemployment rate remained at 8.3%, its lowest level in nearly three years.

Employment



Closing Prices	March 1, 2012	March 8, 2012	2011-12 Fiscal YTD
Canadian Dollar (US¢/$CAN)	101.59	100.80	100.71
WTI Oil ($US/bbl)	$108.84	$106.58	$96.59
NYMEX Natural Gas ($US/MMbtu)	$2.46	$2.272	$3.71

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Sep	Oct	Nov	Dec	Jan	Feb
Population* (000's)	3,721	3,779	3,799	–	3,799	–	–	–	–
% change	1.3	1.6	1.7	–	1.7	–	–	–	–
Net Interprovincial Migration* (level)	-2,183	13,660	3,136	–	3,136	–	–	–	–
Net International Migration* (level)	21,593	14,090	7,580	–	7,580	–	–	–	–
Net Non-permanent Residents* (level)	77	17,988	2,295	–	2,295	–	–	–	–
Labour Market									
NEW: Employment (000's)	2,017	2,034	2,132	2,119	2,128	2,133	2,135	2,139	2,138
% change	0.4	3.8	3.5	5.1	4.4	4.0	4.9	3.9	2.8
NEW: Unemployment Rate (%)	6.5	6.5	5.0	5.3	5.1	5.0	4.9	4.9	5.0
NEW: Participation Rate (%)	72.9	73.7	73.4	74.2	74.1	74.2	74.0	74.1	74.1
Average Weekly Earnings ($)	1001	1039.5		1,050.2	1,049.9	1,047.6	1064.8		
% change	4.5	4.7		4.5	4.5	4.5	5.2		
Price Indices									
Consumer Price Index	1.0	2.4	2.9	2.8	3.4	3.2	2.9	2.9	–
Excluding food and energy	0.8	0.8	1.4	1.4	1.1	1.5	1.2	1.4	–
Non-Res Building Cost Price Index*	-0.1	3.4	–	3.3	–	–	4	–	–
NEW: Farm Product Price Index	3.9	17.4		14.9	17.3	12.6	10.2		
Crops	14.5	19.1		11.7	8.7	4.5	1.8		
Livestock	5.7	17.2		14.6	19.4	19.4	12.8		
Household Sector									
NEW: Income Tax (CAD$ billion)	26.9	25.5	28.4	14.4	33.0	30.0	26.3	25.6	31.1
% change	34.5	-5.3	25.6	9.6	35.0	35.1	37.4	32.6	38.1
NEW: Housing Price Index*	0.5	0.4	0.70	0.0	0.7	0.4	0.5	0.1	–
Edmonton	-0.6	0.9	1.30	0.6	1.1	1.1	1.2	1.3	–
Calgary	1.7	0.1	-0.10	-0.5	0.3	-0.2	-0.1	-0.9	–
MLS Average Resale Price ($ 000's)	350.9	355.6	347.0	350.2	352.3	355.6	351.0	347.0	–
% change	3.1	1.0	-1.5	1.3	1.4	0.3	-0.7	-1.5	–
Edmonton ($ 000's)	326.5	325.7	324.7	331.5	335.7	336.0	338.0	324.7	–
% change	2.3	-0.9	0.5	3.0	0.7	0.9	1.3	0.6	–
Calgary ($ 000's)	397.4	402.8	386.6	410.4	401.5	393.7	402.4	386.6	–
% change	3.4	0.9	4.2	8.2	1.3	0.2	1.7	4.2	–
Retail Sales	6.0	7.0	–	8.0	10.4	7.6	7.1	–	–
New Motor Vehicle Sales	9.3	9.3		5.4	17.5	12.1	12.0		
Consumer Bankruptcies (level)	8,150	5,969*	–	525	515				
% change	-18.4	-14.3*	–	-28.3	-26.4				
Business Sector									
Rig Drilling (level)	207	285	430	346	355	330	338	401	458
% change	61.3	37.9	8.9	95.5	28.7	19.4	25.6	7.8	9.9
NEW: Goods Exports (customs based)	12.4	18.3	12.6	27.8	21.3	29.9	14.6	12.6	–
Energy	17.2	19.2	11.9	27.2	25.4	32.0	15.3	11.0	–
Agriculture	14.4	21.4	27.2	41.5	36.5	31.7	30.3	27.2	–
Total Farm Cash Receipts (quarterly)	3.9	16.2		11.0			22.3	–	–
Manufacturing Shipments	11.0	18.0	–	28.9	16.4	25.4	15.8	–	–
Wholesale Trade	10.8	14.6	–	12.5	17.6	15.0	14.4	–	–
NEW: Building Permits	2.1	11.2	-27.9	40.5	11.5	10.7	48.6	27.0	–
Residential	24.7	4.7	23.4	33.7	20.5	30.0	33.6	23.4	–
Non-residential	-19.0	20.4	37.0	70.0	0.6	-10.1	67.1	37.0	–
Business Bankruptcies (level)	478	227*	–	23	30	–	–	–	–
% change	-6.7	-27.9*	–	-32.4	-25.0	–	–	–	–

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year over year percentage change.

* Quarterly, annual numbers are presented on a census year basis (July 1– June 30).

* Quarterly, average of Calgary and Edmonton.

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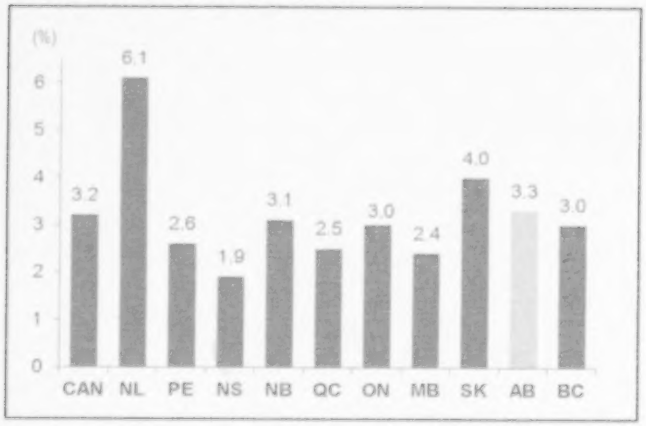
* Represents 2011 year- to- date.

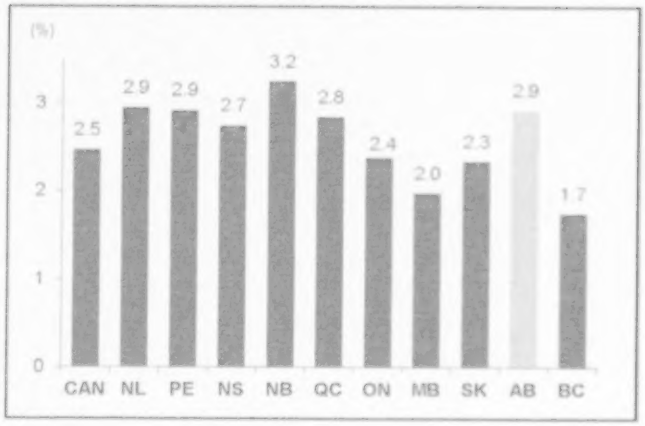
Sources: All data is from Statistics Canada except Housing starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rig Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

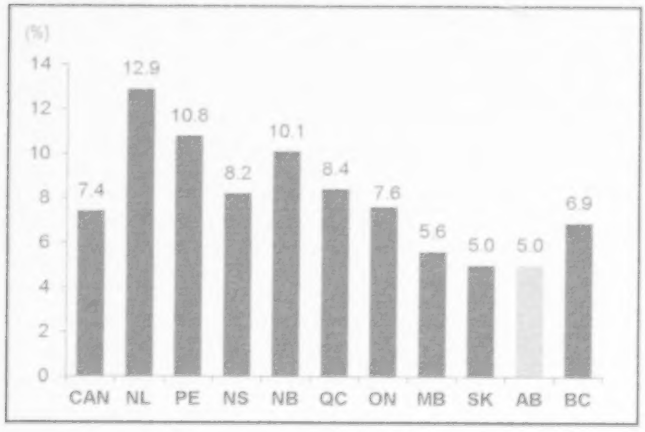
Real GDP Growth
(2010, year-over-year growth)



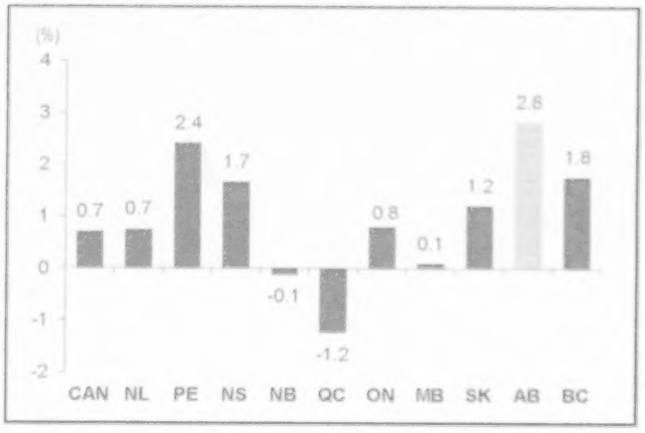
CPI Inflation
(January 2012, year-over-year growth)



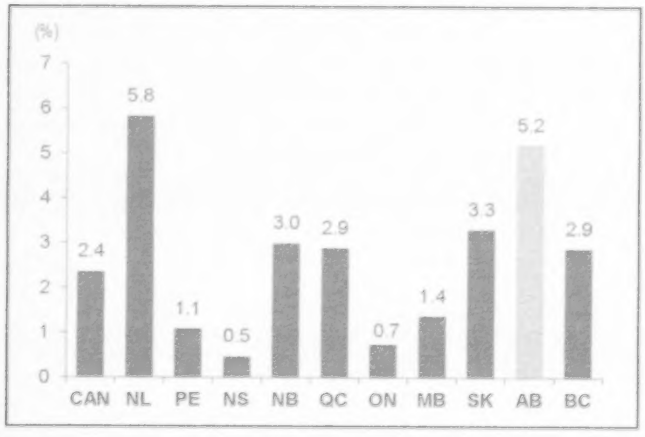
Unemployment Rate
(February 2012)



Employment
(February 2012, year-over-year growth)



Average Weekly earnings
(December 2011, year-over-year growth)



Housing Starts
(February 2012, SAAR, year-over-year growth)